

Testimony for the Connecticut General Assembly
Insurance and Real Estate Committee

Regarding Governor's Bill 5042
Committee Hearing March 1, 2022

The Milbank Memorial Fund is an operating foundation dedicated to informing state policymakers about strategies to improve population health. In this capacity, we have worked regularly with Connecticut and other states by connecting leaders across executive and legislative branches, and across state and party lines, to craft strategic and practical solutions to address complex health care issues.

There are few more complex issues in health care than how to address health care cost growth, and yet it is increasingly urgent to do so. The impact is widespread, and the consequences are real. We are focused on health care cost growth because:

- Cost growth trends make health care less affordable for government programs, employers, and households.
- Money spent on health care is not available for other priorities such as housing, child care, employer benefits or economic investment.
- If people cannot afford health care, they are likely to delay or defer needed care, or to incur exorbitant medical debts.
- All of these factors are exacerbated by income and racial disparities.

The private sector has not been able to contain health care costs on its own and it is increasingly clear that government action is required to establish a clear, collective policy direction. We believe states are best positioned to lead a process that systematically addresses health care cost growth because:

- States can compile a systemwide view of health care financing and how the pieces fit together.
- States bear the expense of health care cost growth in their public programs.
- States can convene local stakeholders to develop common understanding of the issues and the options to address them.
- States have regulatory and purchasing authority to implement policy solutions that provide a consistent direction to limit health care cost growth while fitting the local environment.

To help states with this work, since 2019 the Fund has partnered with the Peterson Center on Healthcare to sponsor a technical assistance program for states that adopt health care cost growth benchmarks, conduct data analysis to identify factors driving cost growth, and with that data, develop policies designed to target the key cost growth drivers. Connecticut had already started down this path by committing to set a health care cost growth benchmark and became the first state to join the program. The Office of Health Strategy (OHS) has provided sustained leadership and successfully conducted these activities through administrative authority to date. In consultation with a diverse group of stakeholders, OHS has been a national leader in:

- adopting a multi-year cost growth benchmark that serves as a unifying goal for the health care system,
- analyzing and publishing health care cost data,
- developing measures for consumer health care affordability, and
- setting goals for primary care investment and quality improvement that are important complements to the state's focus on health care cost growth.

While Connecticut is leading the nation in many respects, several other states — including Massachusetts, Delaware, Washington, and Oregon — have now adopted laws to govern their health care cost growth programs. Establishing this authority in law will strengthen transparency and accountability for health care costs, formalize the process for setting the benchmark and monitoring cost growth, and provide a predictable basis for sustained resources to administer these programs. To ensure that states sustain these efforts in a publicly accountable way, the Peterson-Milbank program is now focused on helping states to adopt statutory provisions for health care cost growth benchmark programs. As a result, while we do not comment on the specifics of proposals, we encourage Connecticut and other states to pursue this type of statutory authority.

We are happy to provide additional information to support the Committee's action on this proposal.

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